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KYRGYZ REPUBLIC

USAID REFORMA Project

Year Three, Second Quarterly Report

First Quarter 2014

April 10, 2014

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1. Major Accomplishments and Summary of Activities and Challenges

The following table lists REFORMA's major activities and their status as of the end of the First Quarter:

First Quarter 2014 Status Summary of REFORMA's Project Activities	
New Projects Launched in the First Quarter of 2014	<ol style="list-style-type: none"> 1. Drafting of Supporting Regulations for the Licensing Law 2. HICD Assistance to the Ministry of Economy – Institutionalization of the Strategic Planning Process 3. HICD Assistance to the State Agency for Geology – Optimization of the Reporting Process for Private Sector Mining Exploration and Development 4. Implementation Phase for Improving VAT Administrative Processes 5. HICD Assistance to the Tourism Department in Optimizing Core Processes, Generating Annual Reports and Creating a Three-Year Action Plan 6. Launch of Phase I HICD Assessment at the Chamber of Commerce and Industry 7. Launch of the REFORMA Grants Program 8. Submission of a Grant Application and USAID Approval for Implementation of the Strategy and Action Plan for Sustainability of the Secretariat of the Business Development and Investment Council 9. Commodity Procurements for the MoE and the State Agency for Geology
Ongoing Projects throughout the First Quarter of 2014	<ol style="list-style-type: none"> 10. HICD Assistance to the State Geology Agency – Licensing Data Base Development 11. Public Outreach and Awareness for Introducing the Universal Tax Declaration Regime 12. Support of the Working Group on VAT and Sales Tax Policy Formulation 13. Issuance of the fourth issue of the REFORMA Newsletter
Projects Completed or Near-Completed in the First Quarter of 2014	<ol style="list-style-type: none"> 14. Medium- and Long-Term Development Strategy of the Mineral Resources Sector 15. Study Tour for Tax Officials to Study VAT Requirements under the Customs Union 16. HICD Assistance to the State Geology Agency – Website Development
Projects to be Launched in the Second Quarter of 2014	<ol style="list-style-type: none"> 17. Implementation Phase for Improving the Legal, Regulatory and Administrative Processes in Technical Inspections 18. Conduct of a Study Tour for the State Geology Agency to Turkey

New Projects Launched in the First Quarter of 2014

1. **Drafting of Supporting Regulations for the Licensing Law.** In January, REFORMA awarded a contract to the Union of Entrepreneurs to implement the Law on Inspections by supporting the drafting of four subordinate regulations. The Union conducted 30 interviews with 86 representatives of state licensing agencies to obtain proposals and comments on licensing and permitting requirements for each type of business activity. The team also conducted 15 focus groups with 99 representatives of businesses and their associations for obtaining proposals and comments on how to improve licensing procedures. Based on this feedback, the Union to research and draft all four implementing regulations. By the end of the quarter, the team submitted two draft regulations to REFORMA for review, the regulation licensing and the regulation on the formation and maintenance of license and permit registers, along with supporting documentation. To address the required regulation on risk assessment, the Union has begun to analyze international practices of existing risk analysis methodologies. Work related to the regulation on licensing control has included: evaluation of the current practice of inspections of businesses through the above-referenced interviews and focus groups; a study of international practices; and, initial drafting of the regulation. The Union of Entrepreneurs will present final drafts by mid-May. Subsequently, REFORMA will conduct a round table to present the draft

regulations to business associations and may seek to extend the Union of Entrepreneur's scope further to support the MoE in the circulation of drafts for final adoption by the Government.

2. **HICD Assistance to the Ministry of Economy (MoE) – Institutionalization of the Strategic Planning Process.** The MoE has been one of REFORMA's key HICD counterparts, whose HICD program has focused on strategic planning and public relations/communications. In March, REFORMA selected the Institute for Humanitarian Design to provide a new phase of support in strategic planning to the newly created Internal Development Unit, reporting to the State Secretary, and the Strategic Planning Department, responsible for monitoring the implementation of Government-wide strategic initiatives. The Institute will develop and deliver training programs and coaching on strategic planning and program-based budgeting, provide consulting services in drafting MoE strategic documents, plans and program-based budgets, develop a human resources (HR) management strategy, and conduct an IT system assessment for the future development of an HR system. REFORMA held a kick-off meeting with Deputy Ministers and department heads on March 14 to present the activities to be implemented under this phase of the HICD program. The team also held its first training session on March 25 for 41 staff on strategic planning tools and techniques. The project will take place throughout the second quarter.

3. **HICD Assistance to the State Agency for Geology – Optimization of the Reporting Process for Private Sector Mining Exploration and Development.** In this quarter, REFORMA launched the third HICD implementation activity to optimize and standardize the templates for exploration and extraction reports that mining license-holders must submit to the Agency. REFORMA selected the team, Experts of Central Asia (ECA) and Ken-Too, as implementing partners for this activity. The team conducted a kick-off meeting in February and has begun to review all reporting requirements currently in use at the Agency. It has begun to interview representatives from 25 mining companies and two business associations to identify challenges that companies face when preparing and submitting reports to the Agency and to elicit recommendations for improving the reporting process. The team is also analyzing normative acts (NLAs) related to the reporting process to determine the regulatory changes that will be required for implementing recommended changes. In April, ECA will organize a round table with business representatives to validate recommendations for improvement and will then develop report templates and required documentation.

4. **Implementation Phase to Improve VAT Administrative Processes.** In September, REFORMA selected MF Consulting to conduct a study of all VAT business processes within the State Tax Service (STX), identify compliance burdens placed on businesses, create a procedures manual for all VAT administration processes for tax inspectors (which has never been previously compiled), and make recommendations for strengthening existing business processes. MF Consulting completed much of this work in the previous quarter, but the Government's willingness to implement recommended VAT administrative reforms prompted REFORMA to extend the firm's scope of work to include drafting amendments to the Tax Code to support implementation efforts. The amendments and other procedural improvements envision the following key changes to VAT administration that will help alleviate compliance burdens while reducing VAT fraud: (1) eliminating the use of high-security invoice forms and replacing them with a system for generating unique electronic serial numbers; (2) simplifying VAT crediting and refunding procedures for conscientious taxpayers who meet established criteria; (3) tightening voluntary VAT registration procedures by conducting thorough due diligence prior to registration; and (4) reducing the period for which distributed invoice numbers are valid following the failure of taxpayers to file monthly VAT reports. At the same time, MF Consulting has begun drafting the VAT Administration Procedures Manual so that practices that currently deviate from the law can be addressed in the near term. MF Consulting will also draft chapters to be inserted when recommended procedural changes set forth in the proposed Tax Code amendments have been accepted into law. Before the end of the project, MF Consulting will train tax officials to use the documented operations manual.

5. **HICD Assistance to the Tourism Department in Optimizing Core Processes, Generating Annual Reports, and Creating a Three-Year Action Plan.** As a result of the REFORMA Project's HICD Performance Assessment of the Tourism Department, REFORMA selected three activities for implementation: (1) Reengineering core working processes to improve the efficiency of the department; (2) Developing a methodology for generating the Annual Report of the Tourism Department to the Kyrgyz Government and Parliament; and (3) Preparing a detailed, three-year departmental action plan that is linked to existing development strategies of the Government. Undertaken for REFORMA by Signum.kg, the project got underway in January with the delivery of training on public administration in the tourism sector and process-based management practices. Reviewing past annual reports, Signum helped the department create a clear format and structure for the content of the report, including a methodology for collecting and evaluating information. Signum has nearly completed the process reengineering of the key processes and has been delivering training and coaching to department staff on process-based management. To complete the development of the action plan, REFORMA recruited a short-term tourism specialist. The action plan will identify implementation activities, responsible parties, the implementation period, and measurable indicators for achieving the goals outlined in national development strategies.

6. **Launch of the Phase 1 HICD Assessment at the Chamber of Commerce and Industry (CCI).** In January, REFORMA launched its HICD Performance Assessment of the CCI with the selection of Smart Business Solutions (SBS) as our implementing partner. REFORMA also strengthened the assessment team with the mobilization of a short-term, international business association expert. The team began its internal performance assessment by meeting with management and staff and reviewing and analyzing all available corporate documents and processes. To undertake the external environment assessment, the team conducted two extensive surveys of 119 companies, both members and non-members, as well as 33 international donors, business associations, media companies, embassy trade representatives, and government institutions. Parallel to these interviews, the team conducted four focus groups of members and non-members, two in Bishkek and two in Osh. Based on analysis of interviews and review of documents and statistics, the REFORMA team is preparing the Final Report on Findings and Recommendations, which will be presented to Chamber management on April 9 and to USAID on April 16. With the finalization of the Report, REFORMA will work with the CCI to determine which activities to support for implementation phase of the project, for which we expect to award a grant through the end of the project.

7. **Launch of the REFORMA Grants Program.** With final approval for launching the REFORMA Grants Program in January, REFORMA finalized all internal processes for fixed-obligation grant (FOG) administration based on our submitted and approved Grants Manual. REFORMA presented these processes to USAID in February, followed by the conduct of a launch event to an audience of approximately 100 participants on February 14. REFORMA's grants strategy is to provide a pool of funds for smaller grants to offer business associations and other organizations the opportunity to pursue advocacy or capacity development activities supporting REFORMA's policy reform objectives. With a ceiling of \$10,000, REFORMA expects to be able to issue a critical number of smaller grant awards to support a wide variety of reform and capacity development activities. REFORMA also plans to issue a few larger grants to organizations known to have sound financial management capacities. Since the Grants Program launch, REFORMA has received 15 applications for the smaller grants program and has worked with three associations to develop larger grants programs. So far, USAID has approved one larger grant to support public-private dialogue, described below, and one smaller grant to the Union of Kyrgyz Banks to support its Bishkek International Finance Forum 2014 on May 15. REFORMA has three additional smaller grants in the pipeline that will likely pass REFORMA's evaluation committee in early April and be submitted for approval to USAID.

8. **Launch of the Grant to Implement a Strategy and Action Plan for Sustainability of the Secretariat of the Business Development and Investment Council.** REFORMA's first grant

award was signed on March 25 with the support for the Public Private Partnership Association (the Secretariat of the Business Development and Investment Council) for strengthening public private dialogue (PPD). The grant will help the Secretariat to expand its PPD approach to both Osh and Naryn and increase its capacity for sustainability by carrying out two research studies on issues affecting the business environment, conducting several training courses for business associations on pressing topics, and improving its communication through website development. This grant is for approximately \$77,000 for six months. At the end of the quarter, the Secretariat was just finalizing its deliverables to receive its first tranche of grant funding. REFORMA also submitted a grant application to support the Association of Civil Aviation Enterprises to help the Civil Aviation Authority to implement a corrective action plan to improve flight safety. Implementation of this plan represents a significant step in removing the Kyrgyz civil aviation sector from the EU no-fly blacklist.

9. **Commodity Procurements for the Ministry of Economy (MoE), the State Agency for Geology and the Tourism Department.** REFORMA has submitted a request to the Contracting Officer to approve the purchase of computer equipment and software for our key counterpart institutions. To enable the hosting of the Geology Agency data base and to provide access to all relevant departments, REFORMA has requested a procurement of \$41,426. REFORMA is also seeking approval to purchase equipment for counterpart departments in the MoE, particularly the Entrepreneurship Policy Department, the Internal Development Unit, and the PR Unit. The estimated cost of this equipment is \$48,166. In addition, REFORMA seeks to purchase \$13,890 of computer hardware and software to improve the Tourism Department's daily operations.

Ongoing Projects throughout the First Quarter of 2014

10. **HICD Assistance to the State Geology Agency – Licensing Data Base Development.** Since July, REFORMA implementing partner TimelySoft has been working with Agency staff to create and implement a comprehensive data base management system that will allow the Agency to create, update and review data on licenses awarded for mining rights, geological-mining surveys, fluctuations in the value of mineral resource reserves, extraction and loss of minerals during production phases, information on geologically explored subsoil, and other critical information for sector regulation. During the first quarter of 2014, TimelySoft developed modules on reporting and the state reserve balance and finalized the catalogue of geological information. In the prior quarter, the firm had completed the licensing and the expert appraisal modules. This completes the programming phase, and the firm is now refining and testing all modules. Three students continue to assist with data entry and document scanning for the licensing department, but the task is massive and taxes the capacity of the Agency. For that reason, REFORMA has developed a scope of work and will soon contract a local firm for data entry so that the data base is populated for functional use by project-end in September. TimelySoft will continue to support the Agency through testing and maintenance during the next six months and provide staff training on all final modules of the software.
11. **Public Outreach and Awareness for Introducing the Universal Tax Declaration Regime.** For the past year, REFORMA has sponsored a public education campaign on the introduction of a system of universal tax reporting for all Kyrgyz citizens with the STS and implementing partner, the Chamber of Tax Consultants (CTC). In January, REFORMA's public awareness campaign refocused its message from tax amnesty to the uniform declaration filings, due on March 31, and the requirements for universal reporting in 2016. As previously contracted, 5Paltsev produced four additional commercials, employing the same animated characters that were introduced in the tax amnesty videos. From February 14 to March 31, REFORMA broadcast the videos on 16 national and regional television channels 737 times and supported 502 radio announcements. During the same period, REFORMA placed five billboards in prominent locations in Bishkek and Osh, including bazaars. In addition, Government officials confirmed in January that more than 7,100 citizens officially registered their income and property under the Tax Amnesty Law by the end of 2013, primarily due to REFORMA's awareness campaign. They also reported that the

State received a total of nearly 40 million soms from 88 taxpayers, whose declared value of property and income exceeded the 45 million som threshold. Although the original deadline for tax declarations was March 31, REFORMA expects the Government to extend the period for both individual tax filing and tax amnesty until June 30. Consequently, REFORMA is currently considering renewing the media campaign for the next two months using allocated but unused funds.

- 12. Support for the Working Group on VAT and Sales Tax Policy Reform.** Following the completion of our study on Indirect Tax Policy in April 2013, REFORMA has been supporting a working group formed by the Ministry of Finance (MoF), which was assigned responsibility for managing fiscal policy only last summer, to assess various options to improve VAT policy and eliminate the sales tax. REFORMA has assisted this group by providing conference room facilities and the participation of two staff tax advisors in ongoing group discussions, but the lack of capacity of the MoF to undertake fiscal policy decisions has severely delayed any progress in proposed policy changes. With the recent change in Government, however, there is speculation that responsibility for fiscal policy may revert back to the MoE where there is considerably more capacity for policymaking. With the expected increase in political will under the new Government to undertake indirect tax policy reforms, REFORMA may provide further support for tax policy reform through the end of the project in September.
- 13. Launch of the Fourth Issue of REFORMA's Project Newsletter.** In February, REFORMA released its fourth newsletter issue for electronic and hard copy distribution to nearly 500 Government counterparts, private sector and NGO partners, and international donor organizations throughout the Kyrgyz Republic. The cover feature was the introduction of the Ministry of Economy's Medium- and Long-Term Development Strategy for the Mineral Resources Sector, presented by Minister Sariev with the participation of USAID Mission Director, Michael Greene in December.

Projects Completed or Near-Completed in the First Quarter of 2014

- 14. Medium- and Long-Term Development Strategy of the Mineral Resources Sector.** On March 31, the REFORMA team officially submitted the final version of the Development Strategy, with a comprehensive Action Plan for implementation, to the Ministry of Economy. It is expected that the Ministry will review the documentation over a two-week period, after which it will circulate the draft to relevant ministries and agencies for comment. According to law, this period of review should take 30 days, after which the MoE will submit its final version to the Government for adoption through resolution. REFORMA is currently working with the Ministry to develop plans for public presentations and more in-depth discussions with sector stakeholders once the strategy is approved. The Ministry has also asked REFORMA to provide assistance in information dissemination about the provisions of the Strategy, including the conduct of media training courses and press cafes. REFORMA is considering sponsoring meetings between key members of Government and Parliament, as well, to promote further policy consensus among governing institutions.
- 15. Study Tour for Tax Officials to Study VAT Requirements under the Customs Union.** To supplement work in VAT Administration, REFORMA supported a study tour from February 11-19 for nine tax-related officials from the STS, the MoE and the MoF to Belarus and Kazakhstan to study the implementation of Customs Union requirements in administering indirect taxes. Participants held meetings with counterparts on legislation, regulations and administrative systems for VAT processing and the implementation of an electronic invoicing system for VAT crediting and refunding recently developed by the Kazakh tax authorities. Review of the Kazakh experience in implementing an electronic invoice reporting system helped convince Kyrgyz authorities of the validity of such alternative measures of reducing fraud to paper-based security invoices.

- 16. HICD Assistance to the State Geology Agency – Website Development.** Although the new website sponsored by REFORMA was officially launched in October, subcontractor Yaros continued to provide website maintenance during the first quarter. Yaros also developed a corporate email address format for Agency staff, assisted the Agency to host its website on hoster.kg, and continued to develop additional diagrams to be posted on the web site. In addition, REFORMA's IT consultant has been developing an interactive map to be featured on the website, which will illustrate the location of all explored mineral deposits and the year of mineral discovery, estimated volume of ore, the status of mineral exploration rights, and other information. The map will be completed in April.

Projects to be Launched in the Second Quarter of 2014

- 17. Optimizing the Legal Framework and its Implementation for Conducting Business Inspections for Ecological and Technical Safety.** During the first quarter, REFORMA implementing partner, EcoPartner, completed the first phase of the review of normative legal acts (NLAs) that govern the authorities, functions, and conduct of ecological and technical safety inspections. Deliverables included recommendations for strengthening the legal framework, draft amendments to implement recommendations, and required accompanying documentation. The firm drafted a new regulation of the State Inspectorate for Ecological and Technical Safety, which proposes eliminating extra-legal authorities present in the inspectorate's current regulation. EcoPartner also submitted a draft resolution on abolishing the use of a special account that the employs collected fines for the payment of inspectorate operating expenses, a resolution on the approval of risk assessment criteria in entrepreneurial activity, and an exhaustive matrix of the ways in which checklists used in the conduct of inspections deviate from current legislation. REFORMA and EcoPartner presented these recommendations to the Minister of Economy, who requested that REFORMA support the implementation of the project. Subsequently, REFORMA drafted a scope of work which includes helping the MoE support passage of proposed amendments, drafting implementing regulations, and drafting regulations to amend checklists employed in the inspections process to reflect the law. To address the absence of a prescribed methodology for conducting environmental and technical safety inspections, REFORMA also seeks to support this activity, as well as drafting a methodology for taking samples for compliance testing.
- 18. Geology Agency Study Tour to Institutional Counterparts in Turkey.** Under the Agency's HICD program, REFORMA plans to conduct a study tour from May 4-11, 2014, to Ankara, Turkey, for Government officials from the Kyrgyz Republic. The study tour will expose Geology Agency staff to the structure of key institutional players in regulating Turkey's mineral resources sector and introduce participants to the following topics: functions and communications processes of Turkish institutions within the mineral resources sector, communications with stakeholders including investors and local communities, mining management and regulation, issuing exploration and mining licenses, the role of IT in mining regulation, the obligations of license holders and their business activities, procurement operations in mining licensing, and questions related to environmental management, among other objectives. The State Geology staff will meet with counterparts at the Ministry of Energy and Natural Resources, the General Directorate of Mining Affairs, and other relevant institutional players, to be determined by the Turkish organizers. In addition, Geology Agency staff will have 3 site-visits to gold and coal mines, where they can observe regulatory implementation and official interaction with local communities and stakeholders.

2. Medium- and Long-Term Development Strategy for the Mineral Resources Sector

REFORMA Activities in Q1 2014

On March 31, the REFORMA team officially submitted the final version of the Development Strategy with a comprehensive Action Plan for implementation to the Ministry of Economy. It is expected that the Ministry will review the documentation over a two-week period, after which it will circulate the draft to relevant ministries and agencies for comment. According to law, this period of review should take 30 days, after which the MoE will submit its final version with to the Government for approval. Nevertheless, this review period may be extended, depending on the extent of comments received. The Ministry also posted versions of the Strategy and Action Plan on its website for public comment.

Planned REFORMA Activities for Q2 2014

REFORMA is currently discussing what assistance it can provide to support implementation of the Action Plan throughout its remaining project period. REFORMA is currently working with the Ministry to develop plans for public presentations and more in-depth discussions with sector stakeholders once the strategy is approved. The Ministry has asked REFORMA to provide assistance in information dissemination about the provisions of the Strategy, including the conduct of media training courses and press cafes. REFORMA will also engage key members of the consortium to publish articles that inform the public about the Strategy. REFORMA is also considering sponsoring meetings between key members of Government and Parliament to promote policy consensus.

3. Human and Institutional Capacity Development (HICD) at the State Agency for Geology and Mineral Resources

Following the completion of REFORMA's HICD Performance Assessment of the State Geology Agency in 2013, REFORMA has selected three key solutions for the implementation phase of the project. The three activities selected were: (1) Development of a modern web site, available in three languages, that communicates development policies, promotes public transparency, and serves as a repository for critical documents to be used in auctions and competitive tenders of mining exploration rights; (2) Development of a comprehensive data base, as a central and definitive repository for information on mining licenses and geological information, to be expanded in the future to include a mining cadaster; and (3) Development of a system of standard report templates and reporting processes for the required periodic reports of private sector exploration and mining activities.

Agency Website Development

REFORMA Activities in Q1 2014

Although the new website was officially launched in October, subcontractor Yaros continued to provide website maintenance during the first quarter. Yaros developed a corporate email address format for Agency staff and will provide further assistance for launching the email accounts once new equipment is provided by REFORMA. Yaros also assisted the Agency to host its website to hoster.kg, which will be supported until November 2014 after which the Agency will be responsible for further hosting from its own budget resources. Yaros is also continuing to develop additional diagrams that will be posted on the web site, based on the information from the data base, described below.

In addition, REFORMA's IT consultant, Valentina Gaidamako, has been developing an Interactive Map to be featured on the website, which illustrates the location of all explored mineral deposits and other information of interest to investors and other stakeholders. The map will provide information on the year of mineral discovery, estimated volume of ore, the status of mineral exploration rights, and other information. The draft version of the map was presented to the Agency management and posted on the Agency web site. The map was also demonstrated at a presentation on "Current Challenges and Solutions Towards Improvement of the Mineral Resource Sector" by the Geology Agency Director at a meeting of the Economics Club on March 5.

Planned REFORMA Activities for Q2 2014

In the second quarter, Ms. Gaidamako will finalize the deposit map and provide a solution for its hosting. Yaros will continue to provide technical support to Agency staff and correct any potential problems that may arise, monitor the technical quality of the uploaded information, install and maintain corporate email addresses, and ensure the interaction and synchronization of data between the website and the database developed by TimelySoft. Yaros will also develop additional diagrams for the website on the total number of licenses, the total number of annulled licenses, the work of the licensing committee, information on auction and tenders, investments in the mining sector, as well as other information that can be relevant and useful for the companies, potential investors and public.

Geological Data Base System Development

REFORMA Activities in Q1 2014

Since July, TimelySoft has been working with Agency staff to create and implement a comprehensive data base management system to assist in managing the development of the mineral resources sector. The system will allow the Agency to create, update and review data on licenses awarded for mining rights, geological-mining surveys, fluctuations in the value of mineral resource reserves, extraction and loss of minerals during production phases, information on geologically explored subsoil, and other critical information. The system will include the following modules: licensing, reporting, expert appraisal, geological information, and a catalogue of the State Geology Information Fund. The data base will provide access to information for Agency staff, the Department for Mineral Resources within the MoE, other potential public institutions, license holders and the public within a defined access framework that is accessible through the new Agency website.

During the first quarter of 2014, TimelySoft developed modules on Reporting and the State Balance and finalized the Catalogue of Geological Information. In parallel, TimelySoft, is testing all modules that have been developed under the data base. Three students continue to assist with the data entry and scanning process for the Licensing. In addition to ongoing coaching sessions provided to Agency staff, on February 25, TimelySoft provided training for two staff from the Information Resource Department on functionalities and use of the reporting module of the data base. The Information Resources Department and the Department of Geology are responsible for the reports that mining companies submit to the Agency. On March 6, TimelySoft presented all functionalities of the database to top management, which offered the opportunity to provide further comments for improvements of each module and the database cross-cutting functions. Based on these comments and discussions during individual meetings with Geology staff at the Agency, TimelySoft has made changes and necessary improvements to the data base.

Planned REFORMA Activities for Q2 2014

TimelySoft will support the Geology Agency in maintenance and testing of the data base throughout pilot operation during the next six months. The company is currently developing an interactive manual for the Agency that will serve as data base training material for all current staff and new hires. TimelySoft will then conduct additional training for staff of the Licensing Department, Department of Geological Informational Resources, Geology Department and Subsoil Protection Department. To enable testing and access to all departments, REFORMA is in the process of procuring equipment worth an estimated \$41,426 to support data base operation.

REFORMA is also planning to announce a tender for data entry to the database to ensure full functionality of the software. This project has been delayed due to REFORMA's inability to identify a local firm that has experience in providing this type of service, but this has now been resolved. REFORMA now plans to award a sole-source contract to a local firm to scan documents (estimated to be approximately 150,000 pages) and enter data on all mining licenses currently in force.

Optimization of the Reporting Process for Private Sector Mining Exploration and Development

REFORMA Activities in Q1 2014

REFORMA launched the third HICD implementation activity to optimize and standardize the templates for exploration and extraction reports that mining license-holders must submit to the Agency with the competitive selection of implementing partners of Expert of Central Asia (ECA) and Ken-Too.

The REFORMA team conducted a kick-off meeting on February 25 with Agency management to present all activities expected to be implemented by the end of May. ECA have begun to review all reporting requirements currently in use at the Agency and the existing annual reporting standards. The team has begun to interview representatives from 25 mining companies and two business associations in the sector to identify challenges that companies face when preparing and submitting reports to the Agency and elicit possible recommendations for improving the reporting process. The Agency published an announcement about the activity on its website, requesting that all interested stakeholders provide recommendations for improving the reporting process. A similar announcement was published by the online news-portal Tazabek.

Planned REFORMA Activities for Q2 2014

In April, ECA will organize a round table with business representatives to further verify results and develop recommendations for improvement. At the same time, ECA's legal expert is analyzing legal and normative acts related to the reporting process to determine required changes for implementation. Subsequently, ECA will develop report templates to be presented to both the Agency and the business community. Once approved, the templates will be synchronized with the data base that is currently developed by REFORMA, and the team will make a final presentation to Agency staff and business representatives on the changes to the reporting process. It is expected that this undertaking will help the Agency improve its reporting procedures and will provide the mining companies clear guidance and templates in preparing required annual and semi-annual reports.

Geology Agency Study Tour to Turkey

Planned REFORMA Activities for Q2 2014

REFORMA plans to conduct a study tour from May 4-11, 2014, to Ankara, Turkey, for Government officials from the Kyrgyz Republic under REFORMA's HICD Program with the State Geology Agency. The study tour will expose Geology Agency staff to the structure of the key institutional players in managing Turkey's mineral resources sector and introduce participants to the following topics: functions and communications processes of the Turkish institutions within the mineral resources sector, communications with stakeholders including investors and local communities, mining management and regulation (issuance of exploration and mining licenses, program software, the obligations of the license holders and their business activities, procurement operations in mining licensing, and questions related to environmental management, among other objectives. The Geology staff will be hosted by the meet the Ministry of Energy and Natural Resources, the General Directorate of Mining Affairs and other relevant institutions in the sectors that are to be determined by the Turkish organizers. In addition, Geology Agency staff will have 3 site-visits to gold and coal mines by bus within Turkey.

4. Improving the Legal and Regulatory Environment for Business and Investment

In 2008, the Kyrgyz Republic enacted the Law 'On Optimizing the Normative Legal Base for Regulating Business Activity' to reduce Government regulatory and supervisory interference in the activities of private market functions. Focusing on eliminating unnecessary licensing and permitting requirements, REFORMA provided support to the Government to reduce the number of required

licenses and permits and drafted a framework Law ‘On the Licensing and Permitting System in the Kyrgyz Republic’ to establish overarching principles for government regulation through licensing and permitting. This Law was passed by Parliament and signed by President Atambaev in October 2013. REFORMA then initiated a project for drafting the implementing regulations to the law, which is currently being undertaken. With the completion of the Law on licensing and permitting, the MoE also wanted to extend the optimization of the legal framework to include those that control the conduct of regulatory inspections. REFORMA agreed to tackle a portion of this task by reviewing legal loopholes in the conduct of ecology and technical safety inspections that continue to plague business activity. The review process was completed in the first quarter of 2014, and REFORMA is now completing the scope of work for the implementing phase of this project.

Optimizing and Streamlining Business Licenses and Permits

REFORMA Activities in Q1 2014

In January, REFORMA awarded a contract to the Union of Entrepreneurs to implement the Law on Inspections by supporting the drafting of four subordinate regulations: (1) the regulation on licensing; (2) the regulation on the methodology for risk assessment; (3) the regulation on the procedures for licensing control; and (4) the regulation on the procedure for maintaining a register of licenses and permits.

The Union of Entrepreneurs began by creating a table of regulatory bodies and the licenses they currently issue and compared them with state registers of issuing agencies. The Union also prepared to conduct interviews with state regulatory agencies and focus groups of businesses by developing questionnaires and selecting moderators for the meetings. The Union also began analyzing normative legal acts within the framework of the licensing and permitting system to optimize and rationalize the management of limited public resources and simplify the procedures for issuing licenses and permits. The MoE also issued a directive to Government agencies to participate in the project.

The Union of Entrepreneurs then conducted 30 interviews with 86 representatives of state licensing agencies to obtain proposals and comments on licensing and permitting requirements for each individual type of business activity. The Union also conducted 15 focus groups with 99 representatives of businesses and their associations for obtaining proposals and comments on improvement of licensing procedures.

Based on this feedback, the Union then began simultaneously to research and draft all four regulations in order to meet the legal deadline for drafting implementing regulations within 6 months of the adoption of legislation. It began to draft the first of the required regulations "On Licensing Certain Types of Activities" although legal review, interviews and focus groups revealed some inconsistencies, both within the Law and with other legislative acts, and some previously unconsidered issues that required further discussion with the Ministry of Economy and REFORMA. The draft regulation, submitted to REFORMA for review in late March, contains two parts, a general framework for licensing and a section on issues related to licensing of specific business activities. Within the regulation, the Union of Entrepreneurs strived to employ logical, process-oriented methods for modeling administrative procedures

To address the second required regulation on risk assessment, the Union has begun to analyze international practices and to create a comparative table of existing risk analysis methodologies for introducing regulation or deregulation in other countries. Work related to the regulation on licensing control included evaluation of the current practice of inspections of businesses through the above-referenced interviews and focus groups, a study of international practices, initiation of a Regulatory Impact Analysis, and initial drafting of the regulation.

To prepare the fourth regulation on the formation and maintenance of license and permit registers, the Union of Entrepreneurs studied the current practice of maintaining registers by licensors in the Eurasian Customs Union countries, specifically, the licensing legislation of the Russian Federation

and the Republic of Kazakhstan, as well as relevant by-laws. The legislation of these countries does not have a framework procedure for the formation of registries; rather, each state body maintains its own registers according to their own internal regulations. However, all registers are maintained in electronic format only.

In the interviews with state licensors, the Union sought to identify problems and recommendations relating to the maintenance of registers of licenses and/or permits. Not all licensors submitted their proposals, but most of them were active and interested in the issue. Some of them also commented that not all licensors may publish registration information on official websites. The Ministry of Defense, Ministry of Internal Affairs, State Committee on National Security of the Kyrgyz Republic and the State Service for Drug Control were against providing registry information to a wider public and especially on official websites. Some licensors noted that, in accordance with the article 12 of the Law, the list of information required for the formation of registries is simpler than the current Regulation "On Licensing of Certain Types of Activities". Although the MoE has advocated establishing a unified register of licenses and permits, the current Law states that every licensor must maintain its own registry.

In focus groups with businesses, the Union of Entrepreneurs discovered that there is a lack of timely communication of licensing decisions taken by regulatory authorities and past experience has shown that many will have trouble complying with the new Law that includes a 'silence is consent' provision, if authorities do not communicate their decisions within 30 days. Many state bodies maintain various kinds of paper registers; for example, of the 22 state licensors, only 6 of them have published registers or lists of license-holders on their websites. Consequently, there is a need for adoption of recommendations that provide free access to information for all stakeholders, including access to the official websites of licensors.

Although not all issues regarding state registries have yet been resolved, the Union of Entrepreneurs submitted a draft of this regulation to REFORMA and has also drafted an RIA for the regulation.

Planned REFORMA Activities for Q2 2014

The Union of Entrepreneurs must complete drafting plans to present the final draft of the Regulation on Licensing Control and the Methodology for Risk Assessment to the MoE by mid-May. Subsequently, REFORMA will conduct a round table to present the draft regulations to business associations.

REFORMA may also seek to extend the Union of Entrepreneur's scope of work to support the MoE in conducting discussions of the content of the regulations with the Government and consultation to state bodies and business organizations on requirements of the drafts. It will also provide expertise during this discussion phase to make modifications to the drafts to ensure that they are not subject to substantial changes by Government officials or Parliamentary committees, as experienced during the circulation of the draft framework Law on the Licensing and Permitting System. While drafting the four regulations under this project component, it has become clear that modifications made during the discussion phase of the Law has already rendered the need to amend this Law to better ensure the effective implementation of these draft regulations. REFORMA may support the Union of Entrepreneurs to draft amendments to the Law to ensure its compatibility to the recommended regulations resulting from this phase of the project. In addition, drafting of these implementing regulations have revealed that the Law on the Licensing and Permitting System contradicts several other existing legislation. The Union may also be requested to conduct additional round tables, focus groups, and possible Parliamentary hearings for adoption of the proposed legal amendments.

Review of the Legal and Regulatory Framework and its Implementation for Conducting Ecological and Technical Safety Inspections

REFORMA Activities in Q1 2014

REFORMA has been supporting the MoE by conducting a review of the Normative Legal Acts (NLAs) that govern the authorities, functions, and conduct of ecological and technical safety inspections, and to recommend ways to streamline and optimize their underlying legal framework. Implementing partner EcoPartner reviewed more than 80 NLAs during the period to identify where duplications, gaps, and inconsistencies exist throughout the body of law governing ecological and safety inspections. Deliverables produced by EcoPartner include the following:

- Recommendations for strengthening the legal framework for the conduct of ecological and technical safety inspections.
- Draft of the Law of the KR "On amendments and additions to some legal acts of the Kyrgyz Republic," which proposes changes to four key laws governing ecological and technical safety inspections and includes and submitted required accompanying documentation, the Regulatory Impact Assessment (RIA) and the document substantiating the reasons for submitting the legislation.
- Draft Regulation "On the State Inspectorate for environmental and technical safety of the Kyrgyz Republic," which proposes elimination of extra-legal authorities present in the inspectorate's current regulation.
- Draft Resolution of the Government of the Kyrgyz Republic "On Abolition of the Government Resolution # 291 dated from May 14, 2012 " On the Special Account for development and material support of the State Inspectorate for environmental and technical safety of the Kyrgyz Republic, " which proposes to abolish the use of a special account that employs collected fines for the payment of operating expenses of the inspectorate, including salaries;
- Draft Resolution of the Government of the Kyrgyz Republic "On Approval of risk assessing criteria in entrepreneurial activity" # 108 dated from February 18, 2012.
- Matrix of the ways in which checklists used in the conduct of inspections do not comply with the current legislation of the Kyrgyz Republic.

On March 6, EcoPartner presented its findings and recommendations to Minister of Economy Temir Sariyev and his staff, including a summary of the proposed set of amendments to four core legislation, the legal bases for the internal regulations of the State Inspectorate, the risk criteria used in setting inspections schedules, the checklists used in conducting inspections, the degree to which the State Inspectorate has assumed significantly greater powers than is granted in law and the function and processes associated with management of the 'special account' to which fines paid by businesses are deposited. Minister Sariyev then requested that REFORMA support the implementation of recommendations through the issuance of a follow-on contract to EcoPartner.

Planned REFORMA Activities for Q2 2014

REFORMA will sponsor a presentation of EcoPartner's findings and government authorities and the business community at the end of April. REFORMA will also present to USAID the scope of work for the proposed follow-on assignment to help the MoE support passage of proposed amendments described above, draft implementing regulations supporting these amendments, and draft regulations to amend checklists employed in the inspections process to reflect the law. To address the absence of a prescribed methodology for conducting inspections, REFORMA may support the development of the methodology for conducting environmental and technical safety inspections, (i.e., not fire or labor safety, which are also inspections undertaken by the State Inspectorate), as well as the methodology for taking samples for compliance testing. It is expected that these methodologies will be thoroughly documented into operations manuals, and REFORMA will sponsor training courses for inspectors on the introduction of changes in the legal and regulatory regime. REFORMA will also provide training to businesses to ensure they are aware of their rights throughout the inspections process. This proposed phase of the project will take place during the remaining period of the REFORMA Project.

Building Human and Institutional Capacity Development (HICD) in the Ministry of Economy (MoE)

The MoE has been one of REFORMA's key HICD partners. The two areas of focus for capacity development have been in the areas of Strategic Planning and Public Relations/Communications. Most recently REFORMA has launched a new project to provide support in strategic planning to the newly created Internal Development Unit, reporting to the State Secretary, which is responsible for internal strategic planning documents, analyzing the efficiency of all departments and developing recommendations for further improvement, and optimizing business processes in the MoE. In addition, the unit was assigned responsibility for implementing a program-based budgeting process, creating an effective HR management system, and performing monitoring and evaluation of the Ministry's performance relative to strategic targets identified in the Strategic Plan. REFORMA is also supporting the Strategic Planning Department, responsible for monitoring the implementation of Government-wide strategic initiatives, including the National Sustainable Development Strategy for 2013-2017. In February, REFORMA selected the Institute of Humanitarian Design (Capacity Development) to develop and deliver strategic planning and budgeting training programs for the relevant departments, provide consulting services in drafting MoE strategic documents, plans and program-based budgets, and develop an HR management strategy.

The project was launched following Minister Sariev's order instructing the two beneficiary departments to work with the REFORMA team. REFORMA held a kick-off meeting with Deputy Ministers and department heads on March 14 to present the activities to be implemented under this phase of the HICD program. The team held its first training session on March 25 for 41 heads of MoE units and leading specialists on strategic planning tools and techniques.

The Institute's team also includes a consultant who will help the HR Unit build a strong HR management system at the Ministry, develop a training program on HR Management in the Public Sector, and deliver training courses. The HR expert has begun to assess current HR management processes at the MoE and to review related normative documents currently in force. Based on the results of the assessment, the expert will help the MoE in drafting its own Human Resource Development Strategy and the Action Plan.

In addition, the MoE's PR Unit launched a quarterly newsletter in December in both Russian and Kyrgyz with REFORMA's assistance. Well-received from the business community, in February the PR Unit prepared the second edition, dedicated to issues in attracting investment to Kyrgyzstan. REFORMA is providing support to the MoE in printing the newsletter.

REFORMA is also seeking Contracting Officer authority to procure computer equipment and software for key counterpart departments in the MoE, particularly the Entrepreneurship Policy Department, the Internal Development Unit, and the PR Unit. The estimated cost for this equipment is \$48,166.

Planned REFORMA Activities for Q2 2014

The Institute will help the Ministry to finalize the MoE Action Plan for 2014 in the next few weeks, which the Ministry is planning to present at the MoE Board Meeting to be held in April. Once the MoE Action Plan is completed, Institute experts will help the MoE to focus on the Development Strategy for 2014-2017. The work will be based on the 2014 Action Plan and will be carried out through individual work with each MoE departments to generate an overall concept of the MoE Strategy. Also in April, the team will deliver its second training seminar. The Strategy will be completed delivered by mid-May.

In April, the team will also begin writing the draft of the Manual on Program-Based Budget Preparation, conduct a series of discussions on the Manual with the staff of relevant departments, and deliver training on Program-Based Budgeting. The team will help the MoE staff to develop the Ministry's program budget for 2015, whose draft budget is due at the end of May.

During the next quarter, the Institute's strategic planning expert will work closely with the Strategic Planning Department (the department responsible for monitoring sector development strategies) to train staff on the application of the strategic planning methodology, development of the regional strategic sustainable development programs, development of the short-term and long-term development plans and their monitoring and evaluation. During this period, the team will conduct two training courses on performance monitoring. A Monitoring and Evaluation Guide will be developed for this Department due in early July.

The HR expert will complete the assessment of the current HR management system help the Internal Development Unit to develop the draft of the MoE Human Resources Development Strategy based on assessment findings. The assessment should be completed by mid-April, and draft of the HR Strategy is due in early June. In May, the Institute will hold two HR management trainings after which the team will conduct an offsite workshop to reinforce the and measure the resulting increases in staff capacity. An IT expert will also complete the IT assessment of the current IT infrastructure and HR related-processes and develop the scope of work for developing an automated HR management system. The work should be completed by the end of April.

5. Improving the Business Environment for Tourism

Building Capacity of the Tourism Department of the Ministry of Culture, Information and Tourism through HICD

As a result of the REFORMA Project's HICD Performance Assessment of the Tourism Department, REFORMA selected three of these activities: (1) Developing a methodology for generating the Annual Report of the Tourism Department to the Kyrgyz Government; (2) Reengineering core working processes to improve the efficiency of the Department; and (3) Preparing a detailed Three-Year Action Plan for the Tourism Department that is linked to existing development strategies of the Government. Based on Signum Consulting's performance in undertaking the Assessment, in December 2013, REFORMA awarded a sole-source contract to Signum for two key members of the assessment team to undertake these relatively small activities.

REFORMA Activities in Q1 2014

Although Signum conducted a kick-off meeting on December 26, the project actually got underway in January. From January 17-19, the firm delivered training on Public Administration in Tourism Sector and Process-Based Management at an offsite facility to all Tourism Department staff, representatives from the Social Development Unit of the Prime Minister's Office, and the Parliamentary Committee on Fiscal and Economic Policy. Signum reviewed past annual reports that the Department submitted to the Government and reviewed current sources of information for report development. Following this review, and in close cooperation with the Department's management, Signum developed a clear format and structure for the content of the annual report with a methodology for collecting and evaluating information. The Signum experts guided and supported Department staff in developing its Annual Report for 2013. Although there are currently no format requirements for standardized Government reporting, this requirement has recently gained momentum within Parliament

Signum has nearly completed the process reengineering of four key processes: (1) planning processes; (2) reporting processes; (3) activity and program implementation processes; and (4) document flow and archiving. The expert has developed process models, defined clear phases of each process, and identified process results and indicators. The Signum expert is now developing all necessary instruments (formats and templates) for process implementation and supporting the creation of internal regulations for process implementation, taking into consideration other cross-cutting regulations and procedures. Throughout this activity, Signum delivered training and coaching to the Department staff on process-based management. REFORMA is also awaiting USAID Contracting

Officer approval for the purchase of computer hardware and software to improve the Department's daily operations. The estimated cost of this equipment is \$13,890.

Planned REFORMA Activities for Q2 2014

To complete the third activity, it became necessary for REFORMA to recruit a short-term specialist in the tourism sector to help the Department, Signum and the REFORMA team to draft the Three-Year Tourism Department Action Plan that will describe implementation activities, responsible parties, implementation period, the input resources, and measurable indicators for achieving the goals outlined in: (1) the National Sustainable Development Strategy of the Kyrgyz Republic for 2013-2017; (2) the Government Program on Transition to Sustainable Development; (3) and the National Export Promotion Program. The consultant will provide on-the-job training to department and Ministry staff to ensure sustainability of these efforts. REFORMA received USAID approval for this consultant, who will begin in early April and will finalize and present the Action Plan by the end of May.

At the request of the Tourism Department, REFORMA agreed to re-print 3,000 copies an existing Kyrgyz Tourism Booklet in English and Russian so that staff and other Government officials have something to distribute when they attend international conferences and events. If REFORMA determines that it has sufficient funding, we may also sponsor a week-long study tour to the Ministry of Tourism of a small country similar to the Kyrgyz Republic, so that department staff can better understand the institutional role of governments in tourism development, and the activities that governments have pursued that have successfully promoted tourism.

6. Implementing Indirect Tax Policy and Administration Reform

Indirect Tax Policy and Support to the Working Group

Following the completion of our study on Indirect Tax Policy, REFORMA has provided convening support and the advice of our Chief Tax Consultant to a working group formed by the MoF to assess various options in improving VAT policy and eliminating the sales tax. REFORMA has assisted this group by providing conference room facilities and the participation of two tax advisors in ongoing group discussions, but the complete lack of capacity of the MoF to undertake fiscal policy decisions has severely delayed any progress in proposed policy changes. With the change in Government of March-April 2014, however, there is speculation that fiscal policy responsibility may revert back to the MoE where there is considerably more capacity for policymaking. With the expected increase in political will under the new Government to undertake indirect tax policy reforms, REFORMA may provide further support in tax policy considerations through the end of the project in September.

Study to Improve VAT Administration

As part of REFORMA's assistance to improve the environment for tax reform, REFORMA hired MF Consulting in September to conduct a study to document all VAT business processes within the STS, create a manual of all required processes for tax inspectors (which has never been previously compiled), quantify compliance burdens placed on businesses, and make recommendations for strengthening existing business processes specifically to reduce identified compliance burdens. The study revealed a number of administrative processes that affect the ability of the STS to efficiently and effectively manage implementation of the VAT regime. Some of the specific problems identified were: (1) the mandatory use of paper-based, security invoices in the STS's attempt to curtail fraud; (2) excessive documentation required for the submission of monthly VAT reports; (3) widespread rejection of legitimate VAT credits; and (4) failure to remit VAT refunds to exporters.

REFORMA Activities in Q1 2014

The State Tax Service, the MoE and the MoF, have been very open to changing VAT registration procedures, simplifying VAT crediting and refunding procedures and phasing out the requirements for paper-based, high security invoices. In the first quarter, REFORMA extended MF Consulting's scope of work to include drafting amendments to the Tax Code that will enable the implementation of

recommended changes to VAT administrative procedures. The key changes to VAT administration represented in these amendments are the following:

1. Eliminate the use of high-security invoice forms and replace them with a system for generating unique electronic invoice numbers;
2. Simplify the VAT crediting and refunding procedure for conscientious taxpayers who meet fast track criteria;
3. Tighten voluntary VAT registration procedures by conducting thorough due diligence prior to registration;
4. Reducing the period for which distributed invoice numbers are valid following the failure of any taxpayer to file a monthly VAT report.

Adoption of these amendments will decrease the number of required reports and simplify the procedure for obtaining VAT credits. At the same time, they will significantly reduce the incidence of fraud in the VAT system. These amendments have been reviewed by the Methodological Council for Fiscal Policy, an interagency council of government authorities and are expected to be introduced to Parliament in June to ensure consideration and public discussion of proposed changes.

In addition, MF Consulting had drafted amendments to implementing regulations “On the Procedure for the Application and Accounting of Blank Forms for VAT Invoices” and “On VAT Crediting and Refunding,” which, until the new VAT administration procedures are implemented, will help make existing procedures simpler for taxpayers. MF Consulting is also developing procedures for crediting and refunding overpaid VAT, as well as for obtaining blank forms of VAT invoices.

At the same time, MF Consulting has begun drafting the VAT Administration Procedures Manual so that ongoing practices that currently deviate from the law can be addressed in the near term. Although initially the procedures manual will reflect VAT administration practices under current law, MF Consulting will also draft chapters to be inserted when recommended procedural changes set forth in the proposed Tax Code amendments have been accepted into law. MF Consulting will also provide training courses to tax officials that reflect documented operations manual procedures, also highlighting those aspects of current procedures that significantly deviate from existing law. This will strengthen the implementation of VAT administrative procedures and reduce burdens on VAT taxpayers. If amendments are adopted prior to the end of REFORMA, we will also provide training to tax inspectors reflecting amended procedures and publicize the administrative changes to taxpayers.

To supplement this work in VAT Administration, REFORMA supported a study tour from February 11-19 for 9 tax-related officials from the STS, the MoE and the MoF to Belarus and Kazakhstan to study the experience and requirements of Customs Union members in administering indirect taxes. Participants reviewed counterpart legislation, regulations and administrative systems for VAT processing and the implementation of an electronic invoicing system for VAT crediting and refunding recently developed by the Kazakh tax authorities. Review of the Kazakh experience in implementing an electronic invoice reporting system helped convince Kyrgyz authorities of the validity of such alternative measures of reducing fraud to paper-based security invoices. REFORMA proposes that the group spend three days in Almaty and two days in Minsk exchanging information and interacting with counterparts from these member countries.

Planned REFORMA Activities for Q2 2014

In the next quarter, MF Consulting will complete the draft of the Administrative Procedures Manual reflecting existing requirements of the Tax Code as well as draft chapters to be inserted when procedural changes set forth in the proposed Tax Code amendments have been accepted into law. The firm also drafted a scope of work for hiring two information technology specialists to implement the system of generating and assigning unique serial numbers to VAT payers for invoices.

7. Introducing the Universal Tax Declaration Regime and Tax Amnesty Program

For the past year, REFORMA has sponsored a public education campaign on the introduction of a system of universal tax reporting for all Kyrgyz citizens. Throughout the first half of 2013, REFORMA's implementing partner, the Chamber of Tax Consultants (CTC), executed a program of public relations and advertising that was distributed through internet and print media across the country. Due to the timing of the tax year, REFORMA planned to conduct the broadcast media campaign beginning in the fall to initially promote the benefits of tax amnesty since the Law on Tax Amnesty was passed in July. Consequently, REFORMA selected the 5Palstev Animation Studio to produce four animated video commercials and two audio announcements on tax amnesty, in both Russian and Kyrgyz. These commercials aired throughout November and December 2013.

REFORMA Activities in Q1 2014

In January, REFORMA's public awareness campaign refocused its message on the uniform declaration requirements for certain categories of taxpayers that was due on March 31, 2014 and the requirements for universal reporting in 2016. As previously contracted, 5Paltsev produced the final four video commercials and three audio announcements on the uniform and universal declaration requirements employing the same animated characters that were introduced in the tax amnesty videos. REFORMA then received USAID approval for the print and broadcast media plan that was effected through March. After successful negotiation of government public service discounts with media companies, REFORMA began broadcasting the new video commercials on February 14 on 16 national and regional television channels and radio stations throughout the country. REFORMA completed the broadcasting of video commercials and audio announcements on March 31, the deadline for submission of tax declarations. In total, the four video commercials in Russian and Kyrgyz aired 737 times during the period, and the two audio announcements aired 502 times. The project also made the video commercials publicly available on Facebook, YouTube, the Namba local network, and websites of the MoE, STS and CTC.

As part of the public awareness campaign, REFORMA placed five billboards in the following locations in Bishkek and in Kara-Suu, Osh Oblast, from February 14 – March 31, 2014:

- Kievskaya/Sovetskaya Streets
- Vostok 5 Microdistrict
- Alamedin Market
- Chui/Beishenalieva Streets (Osh Market in Bishkek)
- Kara-Suu Market, Osh Oblast

During the first quarter, the CTC was also able to confirm with the Ministries of Justice and Economy that more than 7,100 citizens officially registered their income and property under the Tax Amnesty Law as of the end of 2013. Of the 7,106 citizens who submitted amnesty declarations, more than 75% (5,353) were registered in Bishkek, another 15% (1,060) in Chui region, 5% (323) in Osh City and Osh region, and 4% in the remaining oblasts. Most of these results can be attributed to the tax amnesty public awareness campaign, conducted by the CTC on behalf of government tax authorities and sponsored by REFORMA. In addition, officials reported that the State received a total of nearly 40 million soms from 88 taxpayers, who made a one-time payment of 450 thousand soms because their declared value of property and income exceeded 45 million som. During February, the head of the CTC gave an interview on the results of the tax amnesty campaign to Salyk Info and Slovo Kyrgyzstana newspapers. The article was sent for publication to Salyk Info, Slovo Kyrgyzstana newspapers and magazine "Taxes and Law".

Also in January, REFORMA conducted an offsite session with participants from the Parliaments' Fiscal Policy Committee, the MoE, the MoF, the STS and Chamber of Tax Consultants to review and agree to the answers to questions related to the uniform and universal tax declaration requirements for individuals (79 questions), individual entrepreneurs (91 questions) and legal entity (69 questions).

Based on the results of this meeting, REFORMA will also produce a booklet on these Questions and Answers in Russian and Kyrgyz to be distributed to STS offices and local government offices throughout the country.

On March 11, Promotank and TATConsulting made a presentation of tax awareness survey report findings and recommendations to nearly 100 STS managers and staff from Central and local tax offices. Also at this meeting, iCAP Systems made a presentation of the proposed STS web page on the uniform tax declaration requirements (www.declaracia.kg) and the electronic filing of UTD forms at calculator.declaracia.kg. iCAP also submitted its final report on the development of the web page and provided its recommendations on follow up work for improving electronic filing of UTD forms and transferring technical knowledge and on the job training for the STS IT staff.

Planned REFORMA Activities for Q2 2014

The tax declaration campaign ended on March 31. During the second quarter REFORMA jointly with its implementing partner Chamber of Tax Consultants will finalize results of the declaration campaign and compare baseline indicators for 2012 and 2013 tax declaration campaigns. Although the deadline for tax declarations ended in March, REFORMA expects the Government to extend the period for individual tax filing and filing for tax amnesty until June 30. REFORMA is also anticipating the issuance of a government resolution approving new tax declaration forms for legal entities, individuals and individual entrepreneurs. In view of these expected extensions, REFORMA is planning to renew its media campaign through June 30 using allocated but unused funds for media and printing purchases.

After approval of new uniform tax declaration forms, REFORMA will support presentations to the business community to address questions about the new forms. The CTC and iCap will also demonstrate electronic forms for individuals and individual entrepreneurs that were designed to automate completion of new forms. REFORMA will also consider conducting training for the STS staff on how to complete the new tax declaration forms.

REFORMA will also prepare the scope of work for the second phase of the tax awareness survey to conduct nationwide polling and focus groups to measure the change in the level of public awareness about the uniform tax declaration. Also at the STS's request, REFORMA plans to conclude a follow on contract with iCAP Systems to develop an electronic tax declaration form for legal entities (prior work was forms for individuals). iCap will also assist the STS IT team with technical maintenance of the developed web page and electronic uniform tax declaration forms, and train and transfer knowledge to the STS IT staff on how the web page operates and how electronic forms were designed. iCAP Systems has already transferred technical documentation for designed systems, but low STS IT staff capacity requires more time to become familiar with the documentation and seek clarification and guidance. iCap will also adjust the system based on testing and feedback from businesses and general public.

8. Building Human and Institutional Capacity Development (HICD) in the Chamber of Commerce and Industry of the Kyrgyz Republic (CCI)

The Chamber of Commerce and Industry of the Kyrgyz Republic is a non-governmental organization established in 1959 to promote the establishment of an appropriate regulatory environment and other conditions for the development and protection of business. Although created under the Soviet system, a new charter adopted in 1994 essentially established the CCI as a business association operating in a market economy.

Nevertheless, its Soviet roots have provided the Chamber with advantages that have supported its sustainability throughout the past 20 years. The Chamber has a long-term cooperation agreement with the chambers of commerce of more than 50 countries in the exchange of information and commercial

offers, exhibitions and fairs, exchange of business delegations, and assisting entrepreneurs in establishing direct contacts. The Chamber has offices in all regions of the Kyrgyz Republic, which enables it to provide services to business across the country. Most important, by virtue of international practice, sustained by the Kyrgyz Government, which endows chambers of commerce with the sole authority to issue certificates of origin required of exporters for international trade, it has long enjoyed a steady stream of income. Currently fees for the issuance of these certificates represent between 70-80 percent of the CCI's budget. Nevertheless, the Chamber has been concerned that this stable revenue stream may evaporate should the Kyrgyz Republic join the Eurasian Customs Union. Since more than 60 percent of exports are destined to Customs Union members who may not require these certificates of fellow members, this concern was a factor in the Chamber's interest in participating in REFORMA's HICD program.

REFORMA Activities in Q1 2014

REFORMA launched its HICD Performance Assessment of the CCI in January, with the selection of Smart Business Solutions (SBS) as our implementing partner. REFORMA also elected to strengthen the assessment team with the mobilization of an international business association expert, Ms. Joan Perrin, for three weeks in February. The team began its internal performance assessment of the Chamber by meeting with top management, middle management and operational staff of each department and the review and analysis of all available corporate documents and processes. During the assessment phase, Ms. Perrin provided short coaching sessions for membership department staff.

To undertake the external environment assessment, the assessment team conducted two extensive surveys: a Target Audience Survey and a Peripheral Stakeholder Survey. Under the Target Audience Survey, the team interviewed 119 companies, out of which 62 were CCI members, 50 non-members, and 7 former CCI members. The team selected the companies for this survey based on the following criteria: geographical location, industry, membership/non-membership of CCI, and size of the company. Parallel to these in-depth interviews, the team conducted four focus groups FGDs were conducted with members and non-members of the Chamber, two in Bishkek and two in Osh.

The Peripheral Stakeholder Survey targeted 33 institutions that closely cooperate with the Chamber, but which are not direct beneficiaries of Chamber services. These included international donors, business associations, media companies, trade representative offices within embassies, and government institutions. Based on analysis of interviews, surveys, documents, and statistics gathered during the assessment period, the REFORMA team is preparing the Final Report on Findings and Recommendations, which will be presented to Chamber management on April 9 and to USAID on April 15.

Planned REFORMA Activities for Q2 2014

With the finalization of the Report on Finding and Recommendations, REFORMA will work with the CCI to determine which activities to support for implementation phase of the project. We expect that these activities will be provided under a REFORMA grant, the structure of which will be determined in the near term.

9. Launching REFORMA Grants Activities

REFORMA Activities in Q1 2014

With final approval for launching the REFORMA Grants Program in January, REFORMA all internal processes for grant selection and administration based on our submitted and approved Grants Manual. REFORMA presented these finalized processes to USAID technical staff.

REFORMA's grants strategy is to broadly support a few larger grants up to the USAID grants funding limit and provide a pool of funds for smaller grants. REFORMA designed the Smaller Grants Program to provide business associations and civil society organizations the opportunity to pursue advocacy or capacity development activities supporting REFORMA's objectives for improving the

business and investment climate. With a ceiling of \$10,000, REFORMA expects to be able to issue a critical number of awards to support a wide variety of reform and capacity development activities.

On February 14, REFORMA conducted the launch event for the Smaller Grants Program, to an audience of approximately 100 participants. The REFORMA Grants Team described the requirements of the program, the types of organizations eligible to apply, the types of activities covered under this program, the process of filling out the application, and how long it will take to process an application. REFORMA distributed the simplified application forms along with the Grants Manual to all the participants and answered many questions from the audience. The application package is now available to all interested parties, which was distributed through our email data base and posted on our Facebook page. All grants to be issued under REFORMA will be fixed obligation grants (FOGs).

Since the Grants Program launch, REFORMA had received 15 applications for the smaller grants program. For grant selection, REFORMA assigned five staff members to the Grant Evaluation Committee. For the past few weeks, each Monday the Evaluation Committee reviews new applications, provides its feedback, and then communicates its comments to the applicants. Once all the comments of the Evaluation Committee have been addressed by the applicant, the Grants team prepares all internal approval sheets along and sends them to USAID for the final approval. The Grants team is working closely with all the applicants to make sure that the process is fast and the content corresponds to REFORMA grant application requirements. Once REFORMA receives an approval from USAID, the Grants Team prepares the draft contract, which is then being signed by both parties, and project launches. So far, USAID has approved one small grant to the Union of Kyrgyz Banks to support the conduct of the Bishkek International Finance Forum 2014 on May 15, which will address issues of mobile banking, financial literacy and leasing services.

Among larger grants, REFORMA's first grant award was signed on March 25 with the Support for Public Private Partnership Association (the Secretariat of the Business Development and Investment Council) for strengthening Public Private Dialogue (PPD). The grant will help the Secretariat for the Investment Council to expand its PPD operations to the regions and increase its overall capacity, through carrying out two research studies on Private Property Protection and Analysis of Tax Inspections, conducting several training courses on pressing topics and improving its communication through website development.

REFORMA also submitted a grant application to support the Association of Civil Aviation Enterprises in its work with the Civil Aviation Authority to get Kyrgyz-registered airlines removed from the EU No-fly list (blacklist). If the grant is approved by USAID, it will bring Kyrgyzstan significantly closer to getting off the blacklist.

Planned REFORMA Activities for Q2 2014

REFORMA will continue to review incoming grant applications and has a number of applications in the pipeline for approval, both smaller and larger grants. Smaller grants in the pipeline include applications from: (1) Promotank, to conduct a series of TV programs on EITR devoted to economic news coverage; the Chamber of Tax Consultants, to conduct training for tax inspectors in law and Tax Code compliance; and Bishkek Business Club to conduct research on Free Economic Zones and the analysis of the recently adopted law on Free Economic Zones. REFORMA is also working with several other applicants to improve the quality of their proposals prior to internal evaluation and submission to USAID for approval. REFORMA has also identified several viable candidates for larger grants and have begun working with them to help generate grant applications that meet REFORMA's grant objectives and criteria for funding.

10. Subcontracting and Grant Pipeline, Performance and Results

The following is a complete history of REFORMA's Subcontracts, including those that have been completed, those still ongoing, and those in the pipeline for award and launch.

REFORMA Subcontracting History and Awards

<i>Subcontracting Activity</i>	<i>Subcontractor(s)</i>	<i>Award Date</i>	<i>Period of Perform.</i>	<i>Contract Value</i>	<i>Status</i>
Optimizing and Streamlining Business Licenses and Permits	Foresight Foundation	Mar 2012	3 months	\$70,425	Completed
	Description of the Subcontracting Activity				
	Completed the review and recommendations for optimizing and streamlining business licenses and permits. Drafted and submitted to the Government required changes to all normative legal acts (NLAs) to implement the recommended elimination of licenses and permits. Signed into law the elimination of 97 of those recommended.				
Mining Action Plan Advisory	International Business Council (IBC)	Mar 2012	6 weeks	\$15,000	Completed
	Description of the Subcontracting Activity				
	Helped to create REFORMA's Mineral Resources Development Action Plan, as a road map to provide comprehensive assistance to improve the business and investment environment for sector development by getting stakeholder feedback from the public and private sectors.				
HICD for the Ministry of Economy – Phase I Assessment	Promotion and Development Center (PDC)	May 2012	4 months	\$49,675	Completed
	Description of the Subcontracting Activity				
	Completed the Phase I Assessment of REFORMA's first Human and Institutional Capacity Development (HICD) Program with the MoE. Realigned 39 functions identified through analysis of 96 laws, resolutions, and regulatory and reduced them to 16 by drafting functional Regulations for the Ministry. Provided support in helping the MoE develop the Government's pilot program budgeting process.				
Re-draft the 'Law on Licenses' and Submit RIA on Proposed Law	Foresight Foundation	May 2012	6 weeks	\$24,150	Completed
	Description of the Subcontracting Activity				
	Drafted a framework 'Law on Licenses' and completed the attendant Regulatory Impact Analysis (RIA) for the law.				
Medium- and Long-Term Development Strategy for the Mineral Resources Sector	Kyrgyz Mining Association (KMA), Kalikova & Associates, Ken-Too Company	Aug 2012	12 months	\$149,820	Completed
	Description of the Subcontracting Activity				
	Creating a national Medium- and Long-Term Development Strategy for the Mineral Resources Sector that will involve all stakeholders in the discussion of policy choices across legislative, regulatory, fiscal, environmental, educational and social spheres to stimulate sector growth and development.				
HICD for the Ministry of Economy – Strategic Planning	Promotion and Development Center (PDC)	Sep 2012	9 weeks	\$34,460	Completed
	Description of the Subcontracting Activity				
	Assisted the MoE to develop a Strategic Plan and to institutionalize a strategic planning process that will drive REFORMA's future HICD assistance to reform counterpart departments.				
Strengthening Public	Door Media	Jan 2013	4 months	\$61,095	Completed

REFORMA Subcontracting History and Awards

<i>Subcontracting Activity</i>	<i>Subcontractor(s)</i>	<i>Award Date</i>	<i>Period of Perform.</i>	<i>Contract Value</i>	<i>Status</i>
Relations and Communications for the Ministry of Economy	<i>Description of the Subcontracting Activity</i>				
	Provided a range of technical assistance activities to improve the MoE's public relations and communications capabilities. Conduct a Target Audience Survey, assessment of MoE's current communication systems, activities, tools and capacities of Ministry leadership and its Public Relations Unit, and an assessment of its web site. Develop a Communications Strategy and Action Plan, provide on-the-job training and coaching of the PR Unit to implement the Action Plan, design and implement a Monitoring and Evaluation (M&E) Plan, and improve Ministry's web site.				
HICD Assessment for the State Geology Agency	CAI Consulting	Jan 2013	2 ½ months	\$61,310	Completed
	<i>Description of the Subcontracting Activity</i>				
	Conducted a full diagnostic study of Agency's organization, its functions and its activities, identifying performance gaps, and recommending targeted performance solutions. The Assessment team will also undertake a thorough inventory of the Agency's computer and information technology equipment and determine its IT needs.				
Public Outreach, Awareness, and Training of STS Officials for Introducing the Universal Tax Declaration Regime	Chamber of Tax Consultants	Jan 2013	16 months	\$146,320	Ongoing
	<i>Description of the Subcontracting Activity</i>				
	Undertaking a Public Education and Outreach Campaign and conduct a Training of Trainers for 200 STS Officials for the introduction of Uniform Tax Declaration, undertake				
Implementation of Media Plan for the Public Outreach for the Universal Tax Declaration Regime	Various Media	Jan 2013	12 months	\$193,000	Ongoing
	<i>Description of the Subcontracting Activity</i>				
	Purchasing printing and media for Public Education and Outreach Campaign For the introduction of Universal Tax Declaration for 2013.				
Optimization of the Legal and Regulatory Framework and its Implementation in Conducting Business Inspections by the State Inspectorate for Ecological and Technical Safety	EcoPartner	Jun 2013	6 months	\$97,511	Completed
	<i>Description of the Subcontracting Activity</i>				
	Optimizing Normative Legal Acts by undertaking a comprehensive review of the body of NLAs that may address the conduct of ecological and technical safety inspections and undertaking a comprehensive, interview-based survey of SMEs to determine to what degree laws and regulations have been observed, implemented and enforced.				
HICD for the State Geology Agency – Web Site Development.	Yaros	Jun 2013	2 months	\$14,684	Completed
	<i>Description of the Subcontracting Activity</i>				
	Developing a modern and functional website for the State Agency through which it can communicate transparency in its operations to the public and provide information and required documentation to potential future investors participating in the auctions and competitive tenders of mining rights.				
HICD Assessment for the Tourism Department of the Ministry of Culture, Information and Tourism	CAI Consulting/Signum	Jun 2013	2 months	\$36,541	Completed
	<i>Description of the Subcontracting Activity</i>				
	Conducting a full diagnostic study of Agency's organization, its functions and its activities, identifying performance gaps, and recommending targeted performance solutions. The Assessment team will also undertake a thorough inventory of the Agency's computer and information technology equipment and determine its IT needs.				
HICD for the State Geology Agency – Licensing Data Base Development	TimelySoft	Jul 2013	6 months	\$114,619	Ongoing
	<i>Description of the Subcontracting Activity</i>				
	Developing a comprehensive data base to centralize critical \ information and enable access to this information across the Agency and with the MoE's Mining Policy Department, beginning with information on that allocation of mining licenses.				
Tax Declaration Awareness Baseline Survey	TATConsulting Promotank	Aug 2013	3 months	\$45,205	Completed
	<i>Description of the Subcontracting Activity</i>				

REFORMA Subcontracting History and Awards

<i>Subcontracting Activity</i>	<i>Subcontractor(s)</i>	<i>Award Date</i>	<i>Period of Perform.</i>	<i>Contract Value</i>	<i>Status</i>
	Conducting a baseline survey of taxpayer awareness of the universal declaration requirements and the tax amnesty law to determine the overall impact of REFORMA's public education campaign.				
Tax Declaration Video Production	Pyat Paltsev	Aug 2013	2 months	\$38,074	Completed
	<i>Description of the Subcontracting Activity</i>				
	Creating four animated videos commercials for universal tax declaration/tax amnesty.				
VAT Business Survey and Administrative Process Study	MF Consulting	Sep 2013	5 months	\$81,092	Ongoing
	<i>Description of the Subcontracting Activity</i>				
	Undertaking a VAT business process study of the State Tax Service and a survey of business experience in registering, filing and paying VAT.				
Universal Tax Declaration Web	ICAP Systems	Oct 2013	3 months	\$4,900	Ongoing
	<i>Description of the Subcontracting Activity</i>				
	Designing a webpage on the State Tax Service's website for Universal Tax Declaration and Tax Amnesty.				
HICD Tourism Department Implementation	Signum Consulting	Dec 2013	3 months	\$19,239	Ongoing
	<i>Description of the Subcontracting Activity</i>				
	Optimizing core processes, creating an Action Plan, developing annual reporting structure and training/coaching for the Tourism Department at the Ministry of Culture.				
Drafting of Supporting Regulations for the Licensing Law	Union of Entrepreneurs	Dec 2013	4 months	\$129,205	Ongoing
	<i>Description of the Subcontracting Activity</i>				
	Soliciting input and drafting four supporting regulations for implementation and enforcement of the new Law on the Licensing and Permitting System.				
Phase I HICD Assessment for the Chamber of Commerce and Industry	SMART Business Solutions	Jan 2014	3 months	\$41,016	Ongoing
	<i>Description of the Subcontracting Activity</i>				
	Undertaking an HICD assessment of the existing capacities, processes, and systems.				
Phase II – VAT Business Survey and Administrative Process Study	MF Consulting	Feb 2014	5 months	\$65,430	Ongoing
	<i>Description of the Subcontracting Activity</i>				
	Drafting laws and regulations to implement recommended procedural changes to VAT Administration.				
Phase II – HICD for the Ministry of Economy	Institute for Humanitarian Design	Mar 2014	3 months	\$67,172	Ongoing
	<i>Description of the Subcontracting Activity</i>				
	Providing the MoE with training and consulting on strategic planning, monitoring and evaluation, program-based budgeting, and human resources.				
Phase II – HICD for the Geology Agency – Investor Reporting	Experts of Central Asia	Mar 2014	3 months	\$63,381	Ongoing
	<i>Description of the Subcontracting Activity</i>				
	Standardizing the report formats for required private sector reporting of mining activity to the State Geology Agency.				
TOTAL SUBCONTRACTS AWARDED				\$1,624,213	

REFORMA Subcontracting Pipeline for the Second Quarter 2014

<i>Subcontracting Activity</i>	<i>Anticipated Tender Date</i>	<i>Anticipated Award Date</i>	<i>Target Period of Performance</i>	<i>Anticipated Subcontract Value</i>
Revising Checklists and Creating Methodology for Conducting Ecological and Technical Safety Inspections	April 2014	May 2014	5 months	\$105,000
Data Entry Assistance to Support the State Geology Agency's Licensing Data Base	April 2014	April 2014	5 months	\$25,000
Survey of Citizens on the Impact of the Universal Tax Declaration Campaign (repeat survey)	May 2014	June 2014	2 months	\$20,000
Total Anticipated Awards				\$150,000

REFORMA Grants History and Awards

<i>Grant Activity</i>	<i>Grantee</i>	<i>Award Date</i>	<i>Period of Perform.</i>	<i>Contract Value</i>	<i>Status</i>
Secretariat of the Business Development and Investment Council – Promoting Public Private Dialogue	PPP Association	Mar 2014	6 months	\$77,455	Awarded
	<i>Description of the Grant Activity</i> Extending the reach of the Business Development and Investment Council to Osh and Naryn by creating a network of councils and building the capacity of the Secretariat to conduct research and training to move toward sustainability.				
Union of Kyrgyz Banks – Supporting the Bishkek International Finance Forum 2014	Union of Kyrgyz Banks	Apr 2014	2 months	\$9,920	Approved
	<i>Description of the Grant Activity</i> Supporting the conduct of the Bishkek International Finance Forum 2014 on May 15, which will address issues of mobile banking, financial literacy and leasing services				

REFORMA Grants Pipeline for the Second Quarter 2014

<i>Proposed Grantee</i>	<i>Grant Activity</i>	<i>Anticipated Date for Submission</i>	<i>Period of Performance</i>	<i>Anticipated Grant Value</i>
Association of Civil Aviation Enterprises	Implementation of the ICAO Corrective Action Plan for Airline Safety	Mar 2014	5 months	\$147,000
Chamber of Tax Consultants	Training inspectors of the State Tax Service on legal issues and the Tax Code	Apr 2014	4 months	\$9,977
Bishkek Business Club	Legal and market research on the Law on Free Economic Zones in the Kyrgyz Republic	Apr 2014	5 months	\$9,435
Promotank	Analysis and broadcast of 5-minute news analysis on key economic topics, including several activities pursued by REFORMA	Apr 2014	2 months	\$9,440

11. Primary Events Conducted During the First Quarter of 2014

REFORMA Event		Men	Women	Total
HICD at the Geology Agency	January 21 – Training for the Licensing department staff on the operation of the licensing module (how to use the functionalities of the data base)	3	5	8
	February 25 – Training for the Information Resource Department staff on the operation of the reporting module (how to use the functionalities of the data base)	0	2	2
	March 4 – Presentation of the Interactive Map of Deposits at the Agency	6	3	9
HICD at the Ministry of Economy	March 15 – Presentation on the Launch of HICD Phase II at the Ministry of Economy	7	9	16
	March 26 – Training seminar for the MoE Heads of Units and leading specialists on Strategic Planning Process, Planning Tools and Techniques	18	23	41
Licensing Regulations	January – March – Union of Kyrgyz Entrepreneurs held 30 interviews with state organizations (licensors) in order to discuss provisions of the being-developed regulations for the Law “On the Licensing and Permitting System in the Kyrgyz Republic”	26	60	86
	January – March – Union of Kyrgyz Entrepreneurs held 15 focus-group meetings with representatives of business organizations in order to identify gaps in the legislations, and to discuss draft regulations, which are being developed for the Law “On the Licensing and Permitting System in the Kyrgyz Republic”	24	75	99
Inspections Legal Review and Survey	March 5 – EcoPartner: Presentation, entitled “Optimization of the Regulatory Framework and Its Application for Conducting Economic Entities Check-ups by the State Inspectorate for Ecological and Technical Safety under the Government of the Kyrgyz Republic” was held in the Ministry of Economy (was attended by the Minister) in order to share the results of the work and to discuss problems.	9	5	14
HICD at the Department of Tourism, Ministry of Culture, Information and Tourism	January 17-19 – A 3-Day Training Course on the (i) Public Administration in Tourism Sector and (ii) Building an Efficient Management System Based on ISO 9001 International Standard for the Ministry of Culture, Information and Tourism; Tourism Department; Prime Minister’s Office and Parliamentary Committee staff	5	6	11
VAT Administration	February 7-8 – Two days field session on discussion proposed changes to the Tax Code regarding VAT administration.	7	5	12
	February 12-19 – Study tour for Ministry of Economy and the State Tax Service officials to Belarus and Kazakhstan regarding the administration of indirect taxes in the Customs Union countries.	8	2	10
Tax Declaration and Tax Amnesty Campaign	January 15-18 – Off Site Tax Declaration Session with the participants from the Fiscal Policy Committee of the Parliament, Ministry of Economy, Ministry of Finance, State Tax Service and Chamber of Tax Consultants to review and agree answers to the questions related to the uniform tax declaration requirements for individuals (79 questions), individual entrepreneurs (91 questions) and legal entity (69 questions)	3	5	8
	February 20 – Information awareness meeting for individuals on how to file uniform tax declarations moderated by the Chamber of Tax Consultants organized at the request of Senti Financial Company.	18	21	39
HICD at the Chamber of	January 29 – Smart Business Solutions CA delivered a presentation on the approach and activities for the CCI Performance Assessment during CCI meeting with its recent	86	54	140

REFORMA Event		Men	Women	Total
Commerce and Industry	members held in Hyatt Hotel			
	February 5 – Workshop with CCI staff on Stakeholder Analysis, HICD on Chamber of Commerce and Industry of the Kyrgyz Republic	5	13	18
	February 12 – Focus Group Discussion with CCI members in Bishkek, Target Audience Survey under the HICD on Chamber of Commerce and Industry of the Kyrgyz Republic	5	1	6
	February 12 – Focus Group Discussion with non-members in Bishkek Target Audience Survey under the HICD on Chamber of Commerce and Industry of the Kyrgyz Republic	4	3	7
	February 14 – Focus Group Discussion with CCI members in Osh Target Audience Survey under the HICD on Chamber of Commerce and Industry of the Kyrgyz Republic	9	2	11
	February 14 – 2014 Focus Group Discussion with non-members in Osh Target Audience Survey under the HICD on Chamber of Commerce and Industry of the Kyrgyz Republic	6	4	10
Grants Program Launch	February 14 – REFORMA Grants Program Launch REFORMA conducted a launch event for its Grants Program. REFORMA gave presentation on what the program is about, what type of applicants are eligible to apply, how to fill out an application, and how long it will take to review an application.	42	59	101
TOTAL		291	357	648

12. Deliverables and Reports Produced During the First Quarter of 2014

Reform Activity	Name of Annex	English	Russian
REFORMA Newsletter	REFORMA Newsletter – Issue 4 – February 2014	X	X
Mining Development Strategy	Medium- and Long-Term Development Strategy of the Mineral Resources Sector	X	X
	Plan for Implementation of the Development Strategy (and Kyrgyz)	X	X
HICD for the State Geology Agency	Agency's Official Website at www.geology.kg	X	X
	Final Report on the website		X
	Google analytics on Agency website		X
	Presentation on the website for the Agency staff		X
	Interactive Map of Deposits at http://dolpha-001-site1.smarteraspa.net/		X
	Work Plan on Optimization on the reporting process at the Agency	X	X
	Agency Website Announcement on Optimization on the reporting process		X
Licensing Regulations	Licensing Regulations Interim Report	X	X
	Draft Regulation on Licensing and Supporting Documentation		X
	RIA for the Regulation on Licensing		X
	Draft Regulation on the Licensing Register and Supporting Documentation		X
Inspections Legal Review and Survey	EcoPartner Ecological and Technical Safety Inspection Executive Summary EN	X	
	EcoPartner Ecological and Technical Safety Inspections Final Report	X	X
	List of NLAs reviewed in the Inspections Optimization Project		X
	Draft Law and Supporting Documentation for Amendments to Four Laws		X
	Government Resolution for Approving the Draft Law on Amendments		
	Draft Regulation on the State Inspectorate for Technical Safety		
	Draft Regulation on the Special Account of the State Inspectorate		
HICD for the Ministry of Economy	Table of Inconsistencies of Inspections Checklists with Law		
	Order of the Minister of Economy on Launch of HICD Phase II	X	X
	Work Plan on HICD Phase II activities at the Ministry of Economy	X	X
	Presentation for the kick-off meeting for the Ministry of Economy, Mar 14, 2014	X	
	Agenda of the kick-off meeting held on Mar 14, 2014	X	
	Presentation on the Strategic Planning Process for Heads of Units and leading specialists, Training seminar on Mar 26, 2014	X	X
	Presentation on HICD Phase I at the MoE Training seminar on Mar 26, 2014	X	
	Agenda of the training seminar held on Mar 26, 2014	X	
HICD for the Department of Tourism	MoE Newsletter, 2 nd edition	X	
	Program of the Training in Public Administration and Process-Based Management in Tourism	X	X
	Public Administration in Tourism Training Materials		X
	Process-Based Management in Tourism Training Materials		X
	Executive Order by the Tourism Department Director on the Analytical Report Preparation supported by REFORMA		X
HICD for the Department of Tourism	Table of Recommended VAT Administration Changes to the Tax Code		X

Reform Activity	Name of Annex	English	Russian
	Draft Regulation of Procedures for the Reimbursement and Refund of VAT		X
	Draft Regulation of the Application and Accounting for Blank VAT Invoices		X
	Description of Procedures for the Reimbursement and Refund of VAT		X
	Description of Procedures to Obtain Blank VAT Invoice Forms		X
	Justifications for the Draft Law "On amendments and additions to the Tax Code of the Kyrgyz Republic."		X
	Agenda of the Offsite for Discussion of Proposed Changes to the Tax Code regarding VAT Administration		X
	List of Participants of the Offsite for Discussion of Proposed Changes to the Tax Code regarding VAT Administration		X
	Agenda of the VAT Study Tour to the Customs Union		X
	List of Participants of the VAT Study Tour to the Customs Union	X	
Tax Declaration Public Education Campaign	Statistics and Baseline Indicators for 2013 Tax Declaration Public Education Campaign	X	X
	Agenda for Off Site Tax Declaration Session with the participants from the Fiscal Policy Committee of the Parliament, Ministry of Economy, Ministry of Finance, State Tax Service and Chamber of Tax Consultants to review and agree answers to the questions related to the uniform tax declaration requirements for individuals (79 questions), individual entrepreneurs (91 questions) and legal entity (69 questions) on January 15-18, 2014	X	X
	List of participants of the Off Site Tax Declaration Session on January 15-18, 2014	X	X
	Handouts for the Off Site Tax Declaration Session on January 15-18, 2014 (questions for individuals, individual entrepreneurs, and legal entities)		X
	Design of A3 leaflet on Uniform Tax Declaration requirements (also available in Kyrgyz)		X
	Design of A5 poster on Uniform Tax Declaration requirements (also available in Kyrgyz)		X
	Design of the billboard on Uniform Tax Declaration requirements (also available in Kyrgyz)		X
	Design of the banner on Uniform Tax Declaration requirements (also available in Kyrgyz)		X
	Scripts of 4 video commercials and 3 audio announcements on UTD agreed and approved with the management of the State Tax Service and Ministry of Economy (also available in Kyrgyz)		X
	4 tax declaration video commercials in Russian (also available in Kyrgyz)		X
	3 tax declaration audio announcements in Russian (also available in Kyrgyz)		X
	Article on uniform tax declaration questions and answers published in Salyk Info newspaper on February 27, 2014.		X
	Article on preliminary results of tax amnesty campaign published in Salyk Info, Slovo Kyrgyzstana and magazine "Taxes and Law"		X
	Analysis of Foreign Tax Service web sites		X
	Presentation of the UTD web page for the State Tax Service staff		X
	Handout for the presentation of the UTD web page for the State Tax Service staff		X
	Final report on the development of the web page on uniform tax declaration requirements on the STS web site (www.declaracia.kg) and electronic filing of UTD forms at calculator.declaracia.kg	X	
	Technical documentation for the UTD web page at www.declaracia.kg and electronic filing of UTD forms at calculator.declaracia.kg		X
HICD for the Chamber of Commerce and	Work Plan on CCI performance assessment	X	X
	Presentation on the workshop for the CCI staff on Stakeholder Analysis		X

Reform Activity	Name of Annex	English	Russian
Industry	Presentation on the CCI Performance Assessment Report at CCI members event		X
	Draft Report on Performance Assessment of the Chamber of Commerce by the international Expert Joan Perrin	X	
Grants Program Launch	REFORMA Grants Manual	X	X
	REFORMA Grants Application	X	X
	REFORMA Grant Recipient Handbook	X	X
Smaller Grants	Union of Banks Proposal	X	
Investment Council Secretariat Grant Application	PPD Grant Proposal	X	
	PPD Grant Award	X	
Association of Civil Aviation Enterprises Grant Application	Association of Civil Aviation Enterprises Grant Proposal	X	
Purchase Orders to Local Organizations	Licensing Regulations – Union of Entrepreneurs	X	
	Implementation of Changes to VAT Administration – MF Consulting	X	
	HICD Assessment of the Chamber of Commerce – Smart Business Solutions	X	
	Ministry of Economy HICD – Training and Coaching in Strategic Planning, Monitoring and Evaluation, Program Budgeting and HR – Institute for Humanitarian Design	X	
	Standardizing Private Sector Reporting for the State Geology Agency – Experts of Central Asia	X	

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